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Leadership Competency Series

Stretch Goals – Key to Raise Performance

Goal accomplishment must be clearly stated in measurable terms with a specificity of what is to be achieved, why, how and when. The other key enabler is to bring the element of "stretch" in goals. Stretch pushes us beyond what we think is possible, by stimulating people towards what is called as collective creativity writes M R Chandramowly.

Raising performance

Debating on goals that are set to budget plans, Jack Welch argues "it is more than an exercise in compromise - and futility!"

"People work for a month on charts and presentations and books to come in and tell the CEO that, given the economic environment, given the competitive scenario, the best they can do is a 2. Then the CEO says, 'I have to give the shareholders a 4.' Then eventually settle on 3 and every one goes home happy." (Jack Welch in Get Better or Get Beaten!)
Why do we need goals? Goals give us direction.

The idea of Stretch Goals

Not having goals is similar to sail a ship across the Arabian sea without a map. A "goal" is defined as "an end towards which effort is directed". It must contain an accomplishment to be achieved — the accomplishment must be clearly stated in measurable terms with a specific time fixed. The other key enabler is to bring the element of "stretch" in goals. Stretch pushes us beyond what we think is possible. Stretch stimulates people towards what is called as collective creativity.

Without raising the bar of excellence, any growth is a dream. If an organisation aims at 20 per cent sales growth without increasing price or reducing its resources, how can that be done? It is through stretch goals, and working smarter by learning new competencies required. The concept of stretch is worthwhile to make employees try their best, and it is OK even if they don't reach the "stretch".

For an individual, completeness is achieved if the "SMART" goals are also drawn for other areas of life: Family and home, finance and career, physical and health, social and cultural, intellectual and education, ethical and spiritual.

PMS – An integrated Tool for Business Results

If performance management is still looked at as an inevitable annual exercise of filling out some boxes in a template, negotiating a rating for a joint sign off, it is better to take a look at the research findings to discover the era to which we belong to. Performance management systems are changing. There is a need for senior managers to review the performance management systems in their organisations.

An integrated performance management aligns individual critical goals to business KPIs and ropes in competencies and developmental needs. When manager and associate jointly discuss and agree on critical goals, development plan, values and behaviours focus areas, it clarifies expectations with associates as that builds closer relationship, mutual trust and respect.

The performance ratings are used for different HR areas such as promotions, succession planning, selection of a black belt under six-sigma initiatives and so on. Understanding of employee performance level is also critical to arrest attrition, where high performers leave and managers may fail to retain them. Dave Ulrich talks about HPWS, a High Performance Work System where each element of HR system is designed to maximize the overall quality of human capital.

HPWS does the following:

- Links its selection and promotion decisions to validated competency models;
- Develops strategies that provide timely and effective support for the skills demanded by the firm's strategy implementation; and
- Enacts compensation and performance management policies that attract, retain and motivate high-performance employees.

In a recent study of DDI (Development Dimensions International), the data results prove that performance management is a critical business tool in translating strategy into results, as stated by CEOs of 88 surveyed organisations.

The key findings of the DDI studies:

- Performance management systems directly influence five critical organisational outcomes: Financial performance, productivity, product or service quality, customer satisfaction, and employee job satisfaction.

- When performance management systems are flexible and linked to strategic goals, organizations are more likely to see improvement in these five critical areas.

- When CEOs realise the value of performance management in

driving business strategy, overall system effectiveness is significantly higher.

- The success of performance management and its effect on business and cultural strategies depend heavily on senior-level support.

Thirty-eight percent of the organisations frequently use competencies in their performance management systems.

This growing body of research finds for us characteristics and practices that have proven successful for others. In doing so, it helps us guiding for improving our own performance management system. Some of the research also provides the hard data we need to know that performance management is an important business system — one that affects our organisation's bottom line and is worth our efforts to make it right.

The Seven Rabbits

Performance Evaluation to include Competencies and 360-degree feedback. On a lighter side, to raise the performance level especially where willingness to perform is lacking, Roger Reece comes out with "The 7 Rabbits of Highly Defective Hound Dogs." Performance management can be effective if these 7 rabbits are managed out. **I am tired; I am Scared; I Cannot; I would not; It is your Problem; It is your fault; What is the use?**

Competency Based PMS

Managers need to control the tendency of micromanaging or doing it himself or herself by stating, "betting I do it and save time than allowing the employee to do that since I am sure he won't be able to do it."

It will be right to include competencies as a part of performance management process. Competencies form the linkage between organisational excellence and individual excellence. It focuses on what the employee is capable of and what new competencies the employee needs to accomplish goals.

The research findings also reflect the necessity to weigh goals achieved, competencies developed, values and behaviours displayed, as perceived by superiors, peers, subordinates and customers (internal and external) for final evaluation.

I had an opportunity to introduce a new rating method called Comparative Appraisal Process. In this method, key employees of the organisation who are in same bandwidth in terms of overall worth for the organisation, are compared and re-rated by a committee of senior managers. Such focused systems will certainly enhance the importance of the performance management process, which removes subjective

errors and generate a healthy competition to excel in performance.

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